

***From The Desk
Of Representative Paul Seaton
Weekly Legislative Newsletter - April 28, 2003***

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Please add your name, phone number, and full address to any correspondence you send to our office.

Revenues To Consider: Income tax verses statewide sales tax

Historically, income tax was operated in Alaska as a single page form filed annually, along with a copy of your federal 1040 income tax form. A simple 10% of your federal tax makes filing easy and less expensive to administer than a sales tax.

A sales tax requires more bureaucracy and more advanced accounting and computer procedures. Deposits would have to be made throughout the year - probably monthly or possibly quarterly. A sales tax also requires a large enforcement division, as it necessitates separate documentation than many businesses use currently. There may also be many conflicting interactions between a new state sales tax and pre-existing local sales taxes. All local sales taxes would have to conform to the state's sales tax system. If, for example, exceptions for food and medicine are made in a state tax, local governments could lose up to 1/3 of their current tax collections. They would be forced to slash their local budgets or raise local tax percentages in addition to the State portion. A combined high sales tax rate would likely stimulate non-taxable internet and catalog sales, removing money from local businesses.

An income tax would also tap the 17.8 % of Alaskan workers who are non-residents. Income tax can be deducted from the federal tax form as an expense. A sales tax wouldn't qualify as a deduction. The sales tax would predominately hit Alaskans because cruise ship, tour, and airline tickets are purchased outside the state. Visitor sales from tee shirts etc., would not add up to very many tax dollars. I will wait to hear the costs associated with sales tax collection and analysis of the number of new state employees required before I make a final decision. I do think that an income tax would generally be better for Alaskans and their businesses.

March Windstorm Disaster Relief Declaration

President George W. Bush approved Governor Murkowski's request for a federal disaster declaration for parts of Southcentral Alaska damaged by the severe windstorms of March 6-14. This disaster declaration will make federal funds available to individuals, households, local and state government agencies.

This declaration allows residents of Anchorage, the Mat-Su Borough and the Kenai Peninsula Borough, who were impacted by high winds and freezing temperatures, to apply for assistance. The federal aid can be used to help pay for temporary housing, home repairs and some other disaster-related expenses. The Small Business Administration will also make low-interest loans available to cover residential and business losses that are not fully covered by insurance.

Federal funds will also be available to cover 75 percent of the approved costs of repairing or replacing damaged public facilities. Another provision allows for cost sharing on approved projects that reduce disaster risks in the affected areas.

William M. Lokey, of FEMA Region 10, has been designated to coordinate the federal recovery effort. Lokey said affected residents and business owners can begin the disaster application process by calling 1-800-621-FEMA (3362) or, for the hearing and speech impaired, 1-800-462-7585 (TTY). The toll-free telephone numbers will be available starting Sunday, April 27, from 8 a.m. to 6 p.m., seven days a week until further notice.

Bills passing the House - Things are moving fast and furious!

[HB 92](#) includes members of the clergy as mandated reporters of abuse or neglect.

[HB 256](#) maintains \$103 million annual dividend to the state by Alaska Housing Finance Corporation for Fiscal Years 2003 through 2006.

[HB 177](#) clarifies the procedure for recognizing concealed handgun permits from other states.

[HB 151](#) establishes a formal process for a homeowner to notify the contractor of construction defects prior to filing a lawsuit; it also establishes a time frame for the construction professional to address the defect.

[HCR 16](#) requires that the 2000 edition of "Mason's Manual of Legislative Procedure" implement the Uniform Rules of the Alaska State Legislature.

[HB 194](#) creates a tax credit for contributions made by businesses to Alaskan regional development organizations (ARDOR's). This legislation limits the tax credit to the first \$10,000 contributed by a business to an ARDOR. The tax credit allowed under HB 194, when combined with credits allowed under various other tax credit provisions in statute, may not exceed the previously established limit of \$150,000. This tax credit will sunset in 2005.

[HB 249](#) ensures that if judgment in an antitrust suit is for the defendant, the defendant shall be awarded costs and reasonable attorney fees.

[HB 120](#) exempts service contracts from regulation under Title 21 insurance statutes.

HESS Committee action

[SB 25](#) helps teachers get affordable housing and home loans. We amended the bill in committee to include nurses, so the same assistance will be extended to nurses. We moved the bill out of committee.

[SB 105](#) amends Medicaid eligibility by identifying an exact dollar amount that a person (or family) can earn and still receive assistance. Currently, Medicaid eligibility is determined by the percentage you earn above the Federal Poverty Level (as adjusted for Alaska). This bill effectively caps Medicaid spending by eliminating automatic cost of living increases for enrollment eligibility.

You may remember that last month I amended the House version of [SB 124 \(HB 167\)](#), which changes the community required matching funds for alcohol and drug abuse grants. The HESS committee amended SB 124 to mirror the HESS version of HB 167. The amendment gives communities one transition year to find additional funding. Currently the community match for these grants is 10%. The transition percentage will be 17.5%;% going up to the full 25% match the following year.

[HB 195](#) allows for individuals to enroll in "cafeteria-style" insurance plans. Hopefully, this will make it easier and more affordable for those people who do not receive insurance benefits through their work to get medical coverage.

[HB 10](#), of which I am a co-sponsor, would allow certain private groups to enroll in the state's insurance program. This is a complicated issue, and we need to discuss it further.

[HB 270](#) deals with pharmacist licensing. Currently, the State cannot deny an application for a license to a qualified pharmacist. This bill would allow for the denial of applications if the applicant was a convicted felon or lied on their application.

Fisheries Committee

We held hearings on [HJR 25](#) twice this past week. I sponsored this resolution to oppose the inclusion of processor quota shares in the North Pacific Fisheries Management Council's plan to rationalize the Bering Sea Aleutian Island Crab fishery. Many fishermen around the state oppose processor quota shares on an ideological basis. This model takes economic rights and powers away from individual fishermen and could be used as a template for future rationalization plans. The abundant public testimony was fairly evenly for and against the resolution.

Education Committee

This past week the House Special Committee on Education met only once to discuss [HB 259](#). This bill responds to the Governor's proposed pupil transportation budget cuts. It is designed to preserve funding and provide incentives for school districts to keep their transportation costs down. HB 259 accomplishes this by taking FY 03 pupil transportation funding at the district level and dividing it by the district's Average Daily Membership (ADM). This per-pupil measure of transportation costs would then be used to fund transportation costs on an ADM basis.

There are several problems with this bill. The Kenai Peninsula School District will lose some funding as our ADM decreases and yet transportation costs may not decrease because they are not tied exactly to a district's ADM. However, the bill's merits and problems must be weighed against the 10 million dollar pupil transportation cut in the Governor's budget. The House has put this money back into the budget, but the Senate has done so, contingent upon the passage of HB 259. The Governor has indicated he would support this compromise for funding pupil transportation. HB 259 was passed from the Education Committee and will next be heard in the House Labor and Commerce Committee.

State Affairs Committee

We are still sorting through a great number of bills in the State Affairs Committee. Many were heard last week and most were held for additional hearings. This week's agenda includes [HJR 4](#), limiting the Legislative session to 90 days; [HB 149](#) - an act relating to lobbying by non-profits; [HB 215](#) - amending

the one-percent for public art statutes; and lastly [HB 157](#) - eliminating the Alaska Public Offices Commission (APOC).

Some of these bills are fairly contentious and we will be looking at them closely in committee. I do not support any actions that eliminate our campaign disclosure process.

One last note:

Last week, I voted against [HB 92](#), which includes members of the clergy as mandated reporters of abuse or neglect.

I sponsored an amendment to the bill, which was adopted in State Affairs Committee. This amendment removed reasonable suspicion of "neglect" from the bill. I believe the relationship between a clergy and their congregations would be jeopardized if the reporting of neglect was required. Neglect is defined as "failure by a person responsible for a child's welfare, to provide necessary food, care, clothing, shelter or medical attention."

In another committee, the word "neglect" was added back into the bill, which would force clergy to become the eyes and ears of the state. If clergy failed to report neglect, then they could be tried and convicted of a class B misdemeanor, punishable by 90 days in Jail.

Many of our churches and clergy spend a great deal of time helping and providing outreach ministries and programs to abused, neglected and indigent people. Requiring that the Clergy, as a part of their duties, must report negligent parents, could completely ruin the trust between people in need and local churches.

Alaska's Office of the Ombudsman

Are you having problems with state government? No matter where you live in Alaska, you can contact an office that investigates complaints against state government agencies and employees. The Alaska Legislature created the Office of the Ombudsman to make sure that government follows the rules and treats all citizens fairly and reasonably. The Ombudsman is a non-partisan, neutral fact-finder. The Ombudsman takes no sides in a dispute, but if she finds a problem, she will confront the agency and recommend a solution. To reach the ombudsman by phone, dial 1-800-478-2624 toll-free anywhere in Alaska. You can also contact the office through its Internet web site at <http://www.state.ak.us/ombud/> or by writing to P.O. Box 102636, Anchorage, 99510. So, if you are having problems with state government that you have been unable to resolve, and you think the state is doing something wrong, contact the Alaska State Ombudsman today.

Salmon Revitalization Plan

In last week's newsletter, we tried to include a link to the Governor's salmon revitalization plan. We were assured the plan would be posted on the Governor's website. Unfortunately, the link has not yet been established. The link will soon be available at http://www.gov.state.ak.us/Press_Murkowski/April2003/03041801.htm. This is the press release on the plan. You should find a link to the actual plan at the bottom of the linked page. We apologize for the delay.

Bill Access System

All bills can be found on the State's BASIS system. You will find the system to be accessible at the website below.

<http://www.legis.state.ak.us/basis/start.asp>

Live on the Web

Remember that you can hear just about any committee hearing or tune into just about any legislative session-present or past-by going to Gavel to Gavel, TV and public radio broadcasts of the state legislature as it occurs.

Click on the link below to connect to Gavel to Gavel.

<http://www.ktoo.org/gavel/schedule.cfm>

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